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Cost Trends and Tiers

June 12/13, 2019



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Market Share Trends

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- ClearCaptions continues ***BEGIN HIGHLY CONFIDENTIAL***
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- The largest provider continues to drive ***BEGIN HIGHLY CONFIDENTIAL
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Proving the Cost Curve & The 4 Tier Model

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- In Mid 2017, ClearCaptions presented to the Commission a projected cost curve that a stand-alone IP CTS provider should realize as they gained scale. We created this cost curve using our experience and similar cost analysis of other industry players at different points in their growth
- YoY ClearCaptions continues to track very close to this curve, supporting our projected cost curve and the tiered model
- The green line represents the realized rate of our tiered model at an 8% to 12% profit margin

ClearCaptions vs. the Industry

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- Industry W. Average costs have been relatively flat since 2016
- While ***BEGIN HIGHLY CONFIDENTIAL***
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- A long-term rate model is necessary in order to stabilize the Fund and provide predictability

Tiered Rate Proposal

- In order to solve the economical challenges associated with having *****BEGIN HIGHLY CONFIDENTIAL***** *****END HIGHLY CONFIDENTIAL*****, ClearCaptions presented a 4 tier model

that would:

- Ensure competition exists within the market
- Doesn't over compensate the largest provider
- Doesn't force providers, operating efficiently within their scale structure, to leave the market

- The following represents this 4 tier model:

4 Tier Model					
	Minute Threshold			Tier Min value	Proposed Rate
Tier 1	-	to	3,500,000	3,500,000	1.9467
Tier 2	3,500,000	to	7,000,000	3,500,000	1.4289
Tier 3	7,000,000	to	10,000,000	3,000,000	1.2475
Max Tier	10,000,000	>			1.0403